

The results are shown in Table 5-15. With the exception of the Riverside East-A CREZ dropping from the list of top CREZs, changes are relatively minor. Riverside East-A CREZ had been allocated 1,200 MW of “free” transmission due to the proposed Palo Verde-Devers 2 line. Once this CREZ had to pay for the transmission upgrade, its weighted average rank cost rose from \$3/MWh to \$17/MWh. Other impacts are limited. Small changes in costs for the Imperial North-A and Fairmont CREZs are indicated in the last column of Table 5-15. These changes are slight for a couple of reasons: (1) Free transmission was allocated to the lowest cost projects in the effected CREZs. While these projects will now have to cover similar transmission costs as other projects, they still remain the most economical projects. (2) CREZs (such as Tehachapi) are so large that the economic benefit of the free transmission is relatively modest.

In conclusion, this scenario indicates that with the exception of Riverside East, the allocation of free transmission to certain projects has minimal impacts on the overall CREZ ratings.

**Table 5-15. Economic Analysis Results – Full Transmission Cost Allocation.**

CREZ Name	Annual Energy (GWh/yr)	Cumulative Energy (GWh/yr)	Weighted Average Rank Cost (\$/MWh)
Solano	2,721	2,721	-29
Palm Springs	2,465	5,186	-20
Victorville-A	2,112	7,298	-17
Round Mountain-A	1,598	8,896	-11
Imperial North-A	10,095	18,990	-9 ( <i>was -13</i> )
Fairmont	18,318	37,308	-8 ( <i>was -9</i> )
Tehachapi	25,091	62,400	-3
Victorville-B	2,267	64,667	4
Kramer	16,251	80,918	5
<b>In-state Non-CREZ Resources</b>	2,206	83,124	-29
<b>Out-of-state Resources</b>	15,010	98,134	-13 ( <i>was -14</i> )

#### **5.8.8 No Transmission Capital Costs for All CREZs**

Stakeholders requested that the base case results be displayed with zero transmission capital costs for all CREZ. This is not a sensitivity study, rather it is just a representation of the proportion of the rank cost that is comprised of the transmission

capital cost component. This allows readers to determine how important the transmission cost assessment is in determining CREZ ranking.

The model was re-run with the capital cost component of transmission set to zero for all CREZs and resource areas. This is the equivalent of providing “free transmission” to all CREZs, as discussed in the previous sensitivity study. The results are shown in the following figures:

- Figure 5-6 shows the original supply curve from Figure 5-1 (green) with an alternate supply curve removing all transmission capital cost. The alternate supply curve is shown in red. The red supply curve is simply the original curve less the transmission capital cost component. The difference between the two is the average transmission capital cost for each resource. For example, the average transmission capital cost for the Tehachapi CREZ is \$5/MWh, and the value for the British Columbia-B resource area is \$29/MWh. From this chart it can be seen that there are several outliers with higher transmission costs. These are almost universally out-of-state resources areas, such as British Columbia and Nevada. While the rank costs of nearly all CREZs/resource areas would fall if no transmission costs were assumed, the only resource area that would shift into the top ten CREZs/resource areas would be the British Columbia-B resource. British Columbia resources areas are the furthest away of all resources studied in this project. It is also notable that the transmission capital cost is generally within the range of the uncertainty bands shown in shown in Figure 5-4.
- Figure 5-7 shows the same information as Figure 5-6, however, the supply curve has been resorted from lowest to highest rank cost.